

# North Central News

The Newsletter of the North Central WV Home Builders Association



September 2022

## July Single-Family Starts Fall to 6-Year Low

In a further sign that the housing market continues to weaken, new home sales in July fell to their lowest level since January 2016. The [tepid sales pace](#) matches declining builder confidence since the beginning of the year. The industry continues to grapple with supply chain disruptions that are delaying new home building projects and raising housing costs as mortgage interest rates increased.

Sales of newly built, single-family homes in July fell 12.6% to a 511,000 seasonally adjusted annual rate from a downwardly revised reading in June, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. New home sales are down 29.6% from a year ago.

A new home sale occurs when a sales contract is signed or a deposit is accepted. The home can be in any stage of construction: not yet started, under construction or completed.



New single-family home inventory remained elevated at a 10.9 months' supply, up 81.7% over last year, with 464,000 available for sale. However, only 45,000 of the new home inventory is completed and ready to occupy. The remaining have not started construction or are currently under construction.

The median sales price rose to \$439,400 in July, up 5.9% compared to June, and is up 8.2% compared to a year ago.

## Law Will Bring Stricter Energy Codes

President Biden on Aug. 16 signed into law the [Inflation Reduction Act \(IRA\)](#), a broad measure that seeks to address climate change, lower prescription drug prices, and reduce inflation.

The law includes a \$670 million grant program designed to pressure state and local governments to adopt more stringent energy codes. The practical effect will be to raise housing costs even further while doing very little to provide meaningful energy savings for residential homes and apartments.

## Materials Prices Up Slightly in July

The [prices of building materials](#) rose 0.4% in July (not seasonally adjusted) as softwood lumber prices increased 2.3%, according to the latest Producer Price Index (PPI) report. Prices have surged 35.7% since January 2020, although 80% of the increase has occurred since January 2021.

The PPI for ready-mix concrete (RMC) gained 2.5% in July, while the PPI for gypsum products held steady and steel product prices decreased 3.7%.

## Affordability Falls in 2nd Quarter

Rising mortgage rates, high inflation, low existing inventory and elevated home prices contributed to housing affordability falling to its lowest point since the Great Recession in the second quarter of 2022.

According to the [NAHB/Wells Fargo Housing Opportunity Index \(HOI\)](#), just 42.8% of new and existing homes sold in the 2nd quarter were affordable to families earning the median income of \$90,000. This is a sharp drop from the 56.9% of homes sold in the first quarter that were affordable to median-income earners.

## NCWVHBA Membership Report

Our renewing members are the backbone of our Association... It is for that reason we would like to thank the following members for renewing:

Roch Manchin, [WCO Flooring America](#)

Nathan Hinerman, [Two Brothers, LLC](#)

Sam Proctor, [Veritas Contracting, LLC](#)

Jeff Lindsay, [Sherwin Williams](#)

Adelheid Schaupp, [Empire 2000, LLC](#)



**Encova** new member discount for policies effective for program year September 1, 2022 – August 31, 2023 will be **6.1%**.

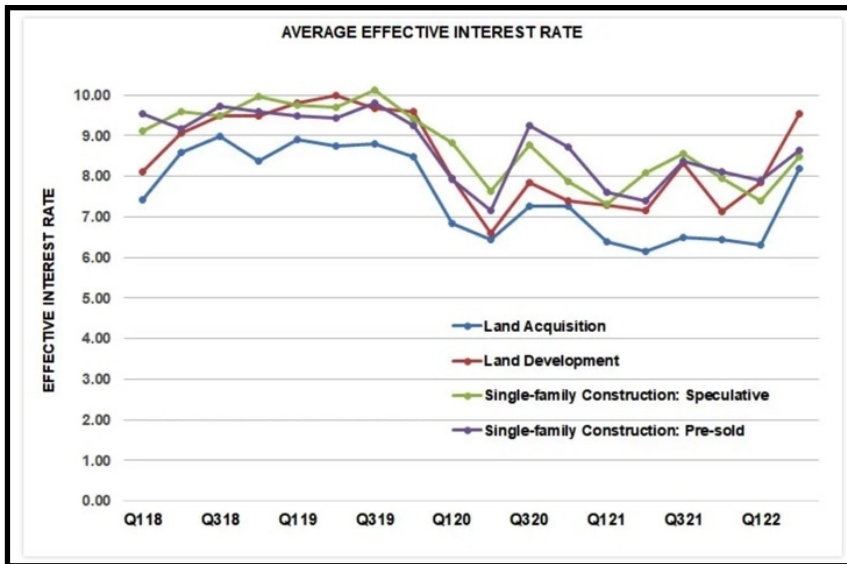
## NAHB BuilderBooks



NAHB BuilderBooks

# Home Builders Experiencing Tighter, Costlier Credit

During the second quarter of 2022, credit became both **tighter and more costly** on loans for acquisition, development & construction (AD&C) according to NAHB's Survey on Financing.



substantially from the prior quarter on all four categories of loans tracked in the AD&C Survey: from 6.32% to 8.19% on loans for land acquisition, from 7.85% to 9.55% on loans for land

The average effective rate (based on rate of return to the lender over the assumed life of the loan taking both the contract interest rate and initial fee into account) increased

development, from 7.38% to 8.48% on loans for speculative single-family construction, and from 7.90% to 8.63% on loans for pre-sold single-family construction.

## Big Quarter in For-Rent Starts

**Multifamily for-rent housing starts** surged in the second quarter of 2022 to 142,000 units, according to NAHB analysis of Census data. It was the largest quarter for rental multifamily construction since the second quarter of 1986.

The market share of rental units of multifamily construction starts bounced back to 96%. In contrast, the historical low share of 47% was set during the third quarter of 2005, during the condo building boom. An average share of 80% was registered during the 1980-2002 period.

For the second quarter, there were just 7,000 multifamily condo starts.

## Celebrate PWB Week, Sept. 12-16

NAHB proudly celebrates women in our industry each year during Professional Women in Building Week. Follow along on [nahb.org/pwbweek](http://nahb.org/pwbweek) during the week of Sept. 12-16, 2022 to help raise awareness of the opportunities that pursuing a career in home building provides.

NAHB's PWB Council honors the achievements of women in the industry and the work being done to promote, train, advance and add more women to the field, efforts that help address the industry's ongoing labor shortage and remain vital to meeting our nation's housing needs. Each day find activities for individuals and home builder associations to join the celebration.

## Leadership List

President  
Chris Bailey

1st Vice-President  
William Burdett

2nd Vice-President  
Ken Downey

Associate Vice-President  
Tom Board

Secretary  
Terri Boone

Treasurer  
Lisa Novak

State Area Vice-President  
William Burdett

National Delegate  
Kent Pauley

Alt. National Delegate  
Chris Bailey

[ncwvhba.org](http://ncwvhba.org)

POC: Terri Boone (304) 599-0880  
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## Calendar of Events

1 Sept 22, Board of Director's Mtg  
Location: Morgantown

15 Sept 22, General Membership Meeting  
Location: Marion County, TBD

6 Oct 22, Board of Director's Mtg

20 Oct 22, General Membership Meeting  
Location: Monongalia County; TBD

17 Nov 22, Annual Meeting of Membership & Elections

### **\*\*SAVE THE DATE:**

3 Dec 22, Annual Christmas Party  
Location: The "O" by Oliverios, Bridgeport  
Entertainment: **George Dorne Band**

### **Christmas Toy Fund:**

**Walmart Registry for Good**

Members Save Millions  
Start saving at [nahb.org/savings](http://nahb.org/savings)

 NAHB

# Using Existing Structures to Increase Housing Supply

As major metro areas look to boost housing supply, **existing structures** might be part of the solution. According to **Spectrum News New York 1**, the Real Estate Board of New York estimated "converting 10% of the more than 100 million square feet of potential office space would lead to 14,000 apartments." And **Washingtonian** reported that "nearly 4 million square feet of outdated office space in downtown D.C. is already being converted or is under evaluation for potential transformation."

The results can be stunning. Take, for example, **Prospect Yard** — a 2020 Multifamily Pillars of the Industry finalist — and its reinvention of the historic Stuyvesant Motor Company, a 1917 mixed-use building in downtown Cleveland.



**Prospect Yard in downtown Cleveland**

Developers utilized the existing features, such as the brick façade, steel sash windows and stone sills, to create a cool, industrial-looking 42-unit affordable housing community.

Office buildings aren't the only existing-structure options for increasing supply either. Creative development can be done with vacant hotels, churches, old factories, and other structures.

